

Message Text

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44

ACTION OPIC-06

INFO OCT-01 AF-06 ISO-00 EB-07 XMB-02 COME-00 TRSE-00

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P 211435Z APR 75

FM AMEMBASSY CONAKRY

TO SECSTATE WASHDC PRIORITY 0638

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E.O. 11652: N/A

TAGS: EFIN EMIN GV

SUBJECT: GUINEAN BAUXITE: CBG TAX PROBLEM ON WAY TO RESOLUTION

REF: CONAKRY 0533; STATE 086931

1. I MET EVENING APRIL 20 WITH HALCO PRESIDENT FAWCETT, JAUL (PECHINEY) AND BARKER (ALCAN), WHO HAD BEEN HOLDING LONG DISCUSSIONS WITH STATE COMMITTEE ALL THROUGH WEEKEND. THOUGH THEY HAD NOT YET MET WITH PRESIDENT TOURE, THEY EXPECT THAT FINAL SESSION APRIL 21 WILL RESULT IN SIGNED AGREEMENT BETWEEN HALCO AND GOG REGARDING TAX, AND THAT MEETING WITH TOURE WILL TAKE PLACE EITHER DURING OR AFTER THIS FINAL SESSION.

2. HALCO REPS FOUND GOG TOTALLY INFLEXIBLE ON PRINCIPLE OF TAX ITSELF, BUT WILLING COMPROMISE ON OTHER ASPECTS. THEREFORE TAX WILL BE PAID BY CBG (NOT HALCO TO WHOM INVOICE WAS ORPXINALLY ADDRESSED; ON OR SHORTLY AFTER DUE DATE OF APRIL 24. HOWEVER, HALCO OBTAINED AGREEMENT OF GOG TO CREDIT THEIR PREVIOUS ADVANCE ROYALTY PAYMENTS DURING 1974 AGAINST TAXES DUE, WHICH THEY CONSIDER IMPORTANT CONCESSION. THEY ALSO PLEASED THAT CBG ITSELF, RATHER THAN FOREIGN PARTNERS, WILL BE RESPONSIBLE FOR PAYMENT OF TAX.

3. QUESTION OF OPERATIONAL CONTROL OF CBG (SIGNATURE OF CHECKS, ETC) WHICH WAS IMPORTANT ISSUE IN FRIGUIA NEGOTIATIONS, APPARENTLY HAS NOT ARISEN AS YET, AND HALCO REPS DO NOT SEEM LIMITED OFFICIAL USE

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PARTICULARLY CONCERNED BY PROBLEM.

4. FAWCETT ET AL, PLANNING DEPART CONAKRY TUESDAY, APRIL 26,
IF ALL GOES WELL TODAY. NATURE OF DOCUMENT TO BE SIGNED WILL
APPARENTLY BE FORMAL AGREEMENT BETWEEN HALCO AND GOG INCORPORATING
HALCO'S ACCEPTANCE OF TWG TOGETHER WITH CONCESSIONS OBTAINED
FROM GUINEANS.
MACDONALD

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